

## RECOMMENDATIONS TO ENHANCE CORPORATE GOVERNANCE IN SINGAPORE

*Desired Outcomes:*

- Support **sustained corporate performance and innovation**
- **Strengthen investor confidence** in Singapore's capital markets

**Effective and Future-Ready Boards***Well-rounded and competent boards with diverse perspectives***Strengthen director independence**

- Rationalise tests of independence
- Lower shareholding threshold from 10% to 5%\*
- 9-year rule for independent directors (IDs): either (i) hard limit; or (ii) annual two-tier shareholders' vote\*
- Disclose non-controlling shareholders' vote on ID appointments^

**Enhance board composition and diversity**

- At least one-third of board to comprise IDs\*
- Majority of board to comprise IDs, where Chairman is not independent
- Majority of board to comprise directors with no management or business relationships^
- Disclose board diversity policy and progress made^

**Engaged Stakeholders***Inclusive approach beyond shareholders*

- Listed companies to consider and balance needs and interests of all stakeholders^

**Transparent Remuneration Practices***Align remuneration to long-term objectives and performance*

- Disclose relationship between remuneration and value-creation
- Disclose remuneration of employees who are substantial shareholders or their immediate family members^

**Supportive Ecosystem***Advocacy initiatives to support companies*

- Establish an industry-led Corporate Governance Advisory Committee to promote good practices

**Facilitative Framework***Support constructive and purposeful corporate governance practices***Streamlined Code to focus on key tenets of good governance**

- Net reduction of 3 Principles and 30 Provisions
- More concise and less prescriptive, to encourage thoughtful application and move away from a box-ticking mindset

**Enhanced *comply-or-explain* regime to emphasise meaningful explanations**

- Clarify expectations on compliance and acceptable variations from the Code

\* To be shifted to the SGX Listing Rules

^ To be introduced in the Code of Corporate Governance for the first time